

Senate Study Bill 3175 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON SMITH)

A BILL FOR

1 An Act relating to investment direction of participants and
2 beneficiaries in the Iowa educational savings plan trust.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 12D.4, subsection 1, paragraph d, Code
2 2018, is amended to read as follows:

3 d. A participant or beneficiary shall ~~not~~ be permitted to
4 provide investment direction regarding program contributions
5 or earnings held by the trust to the maximum extent permitted
6 under section 529 of the Internal Revenue Code, and shall be
7 permitted to direct that such contributions or earnings be
8 invested in any asset or investment permitted by an individual
9 retirement account under section 408 of the Internal Revenue
10 Code, to the extent not otherwise prohibited under section
11 529 of the Internal Revenue Code. In addition, and to the
12 extent permitted under section 529 of the Internal Revenue
13 Code, the treasurer of state shall develop the maximum number
14 as is administratively feasible of investment strategies for
15 offer to participants and beneficiaries under the trust, which
16 investment strategies shall, to the extent administratively
17 feasible, provide access to all classes and types of assets and
18 investments permitted by an individual retirement account under
19 section 408 of the Internal Revenue Code.

20 Sec. 2. Section 12D.9, subsection 1, paragraph e, Code 2018,
21 is amended to read as follows:

22 e. Pursuant to section 12D.4, subsection 1, paragraph "d",
23 a participant or beneficiary shall ~~not~~ only provide investment
24 direction regarding program contributions or earnings held
25 by the trust to the extent permitted by section 529 of the
26 Internal Revenue Code.

27 EXPLANATION

28 The inclusion of this explanation does not constitute agreement with
29 the explanation's substance by the members of the general assembly.

30 This bill relates to investment direction of participants
31 and beneficiaries in the Iowa educational savings plan trust,
32 also known as the Iowa college savings 529 plan. Under current
33 law in Code chapter 12D (Iowa educational savings plan trust),
34 participants in or beneficiaries of the trust are not permitted
35 to provide investment direction regarding program contributions

1 or earnings held by the trust. The treasurer of state
2 (treasurer) does provide a select number of investment options
3 from which participants may choose to invest account funds.

4 The bill provides that participants or beneficiaries shall
5 be permitted to provide investment direction regarding program
6 contributions or earnings to the maximum extent permitted
7 under Internal Revenue Code (IRC) §529, the federal law
8 governing the qualification of the trust, and provides that
9 such participants or beneficiaries shall be permitted to direct
10 that such contributions or earnings be invested in any asset
11 or investment permitted by an individual retirement account
12 under IRC §408, to the extent not otherwise prohibited under
13 IRC §529.

14 The bill additionally directs the treasurer, to the extent
15 permitted under IRC §529, to develop the maximum number as is
16 administratively feasible of investment strategies for offer
17 under the trust, which investment strategies shall, to the
18 extent administratively feasible, provide access to all classes
19 and types of assets and investments permitted by an individual
20 retirement account under IRC §408.